

**United States Environmental Protection Agency
Criminal Investigation Division
Investigative Activity Report**

Case Number

0506-0026

Case Title:

Ferguson Enterprises Inc.

Reporting Office:

Detroit, MI, Resident Office

Subject of Report:

Interview of [REDACTED] City of Detroit, BS&E.

Activity Date:

September 11, 2009

Copies to:

Related Files:

Reporting Official and Date:

[REDACTED] RAC
18-SEP-2009, Signed by: [REDACTED] RAC

Approving Official and Date:

[REDACTED] SAC
05-OCT-2009, Approved by: [REDACTED] SAC

SYNOPSIS

09/11/2009 - U.S. EPA CID SA [REDACTED] and FBI SA [REDACTED] interviewed [REDACTED] Dangerous Buildings, City of Detroit Department of Building Safety and Engineering (BS&E)

DETAILS

On September 11, 2009, U.S. EPA CID SA [REDACTED] and FBI SA [REDACTED] interviewed [REDACTED] Dangerous Buildings, City of Detroit Department of Building Safety and Engineering (BS&E). [REDACTED] was previously interviewed by the agents in December of 2008. [REDACTED] provided the following information:

According to [REDACTED] [REDACTED] retired from BS&E recently but is still being paid by the city as [REDACTED] is using [REDACTED] remaining leave. Since retiring [REDACTED] has made numerous visits to the BS&E offices several times as a consultant for [REDACTED] who is trying to build a restaurant in the downtown area of the city. [REDACTED] was known to collect contributions from city contractors for [REDACTED] campaign.

On August 28, 2009, Deputy Director [REDACTED] called BS&E inspector [REDACTED] and asked [REDACTED] to inspect a site owned by [REDACTED]. The structure on the site was partially demolished structure for which no demolition permit had been pulled. According to [REDACTED] [REDACTED] was directed to say that the materials found on site appeared to be from an unfinished construction job, and that the structure was to be deemed an emergency demolition. [REDACTED] was sent back out to the site September 4, 2009. [REDACTED] called [REDACTED] while [REDACTED] was out on the site but [REDACTED] would not tell [REDACTED] who else was present. [REDACTED] believes [REDACTED] heard [REDACTED] voice in the background during this call. The structure in question has some sort of historical designation and it is [REDACTED] opinion that the owner is trying to bypass the relevant regulations for this type of building. [REDACTED] provided the agents with a copy of a correspondence from

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of LSE and is known to see parking spots at the LSE building during downtown events. [REDACTED] hired [REDACTED] friend [REDACTED] to do work on the outside of the LSE building. [REDACTED] is a BS&E inspector whose [REDACTED] works for LSE. Little told [REDACTED] about [REDACTED] involvement in LSE.

[REDACTED] handles all of the HUD related reporting for BS&E. [REDACTED] was brought over to BS&E from Cobo Hall. [REDACTED] is the current BS&E Director. [REDACTED] came from the City of Ann Arbor and seems to be doing a good job. [REDACTED] is [REDACTED] Assistant Chief of the Buildings Division for BS&E but also works as the Assistant Chief of Demolitions. [REDACTED] was told by [REDACTED], a BS&E employee that since [REDACTED] does not have a car [REDACTED] had [REDACTED] drive [REDACTED] to the demolition contractors which have contracts with the city in order to solicit donations for [REDACTED]. [REDACTED] has suspended [REDACTED] in the past for actions even though [REDACTED] was only carrying out [REDACTED] orders.

The current board up contractor for BS&E is EGH whom [REDACTED] characterized as a good company. The bids were recently submitted for the next board up contractor and EGH's bid was \$55 a square foot while a [REDACTED] minority owned company bid \$24 a square foot. While staff questioned how the company could adequately do the work for such a low price the decision was made by [REDACTED] to award the contract to the lowest bidder. [REDACTED] pointed this out as an example of how the bidding process is supposed to work and how [REDACTED] is making the proper decisions.

The Statler Hotel was demolished after Adamo Demolition caused enough damage to the structure to warrant it being classified as an emergency demolition. [REDACTED] Wrecking demolished a Church's restaurant under an emergency demolition order which [REDACTED] thought was suspicious as well.

About 12 to 14 months ago Ferguson Enterprises Inc. (FEI) demolished the buildings at 3050 and 3080 E. Outer Drive in Detroit. These properties were originally assigned to [REDACTED] under their demolition contract but [REDACTED] transferred the properties to FEI. FEI took the scrap steel from the site but left several hundred yards of concrete and other debris on the site. [REDACTED] thought that BS&E may have gotten additional funds to clean up the site from HUD. [REDACTED] also heard that FEI caused damage to the structures in order to create an emergency demolition order. During the demolition of the structures FEI caused debris to land on the sidewalks and surrounding areas. [REDACTED] was called in to clean up the debris from the sidewalks and public access areas. [REDACTED] complained to [REDACTED] that [REDACTED] was sent out to the site to clean up the mess of a competitor and even

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worse that it was a structure that was originally assigned to [REDACTED] company. [REDACTED] thinks that [REDACTED] has been involved in pulling jobs from one contractor to another.

[REDACTED] of the BS&E maintains an Excel spreadsheet of all monies paid to each of the demolition contractors. [REDACTED] told [REDACTED] that additional monies were assigned to the FEI contract

ATTACHMENT

(b)(6), (b) Correspondence

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